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No. 91-1808

In The

Supreme Court of the United States

October Term, 1991

GENCOR INDUSTRIES, INC.,

Petitioner,

v.

STANDARD HAVENS PRODUCTS, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

STEPHEN J. HOLTMAN
DAVID A. HACKER
SIMMONS, PERRINE, ALBRIGHT & ELLWOOD
1200 Firstar Bank Building
115 Third Street S.E.
Cedar Rapids, Iowa 52401-1266
(319) 366-7641

Of Counsel:

DONALD H. ZARLEY
EDMUND J. SEASE
KIRK M. HARTUNG
ZARLEY, MCKEE, THOMTE, VOORHEES & SEASE
801 Grand Avenue – Suite 3200
Des Moines, Iowa 50309
(515) 288-3667

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTIONS PRESENTED

1. Whether the Court of Appeals for the Federal Circuit properly affirmed a general verdict finding Standard Havens' Hawkins patent valid and not anticipated by the Hepburn patent where

   (a) the district court committed no errors with regard to the evidence or jury instructions concerning anticipation;

   (b) Standard Havens presented the jury with multiple facts concerning the difference between Hepburn and Hawkins devices; and

   (c) the Court of Appeals found that certain facts that Standard Havens presented to the jury were inadequate to establish that the Hepburn patent did not anticipate the Hawkins patent, while other evidence that Standard Havens presented to the jury was adequate for that purpose?

2. Whether the present case affords this Court an appropriate opportunity to clarify the law concerning when, if ever, a general verdict should be sustained after a court of appeals has ruled that one of several theories presented to a jury is erroneous?

STATEMENT PURSUANT TO RULE 29.1

Standard Havens Products, Inc. (a Delaware corporation) is a wholly-owned subsidiary of Standard Havens, Inc. (a Delaware corporation), which is a wholly-owned subsidiary of Cedarapids, Inc. (an Iowa corporation), which is a wholly-owned subsidiary of Raytheon Company (a Massachusetts corporation).

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STATEMENT OF THE CASE

BACKGROUND

The production of asphalt involves mixing aggregate (crushed rock) with liquid asphalt. One method of production involves mixing the ingredients in a large horizontal rotating drum. The aggregate is introduced at one end of the drum. A burner located in the drum produces a stream of hot gases which heat and dry the aggregate. Liquid asphalt is mixed with the hot aggregate. The finished asphalt product is removed from the other end of the drum.

Asphalt drum mixers are categorized as "parallel flow" or "counter-flow." In a parallel flow mixer the stream of hot gases produced by the burner flows in the same direction as the ingredients. In a counter-flow mixer the hot gases and the ingredients flow in opposite directions.

A problem with drum mixers (both parallel flow and counter-flow) is the production of hazardous pollution known as "blue smoke." Blue smoke is created when liquid asphalt is exposed to very high temperatures.

THE HAWKINS PATENT

Standard Havens Products, Inc. ("Standard Havens") owns the Hawkins patent. The Hawkins patent discloses a method for making asphalt in a counter-flow drum mixer which isolates a zone in the rotating drum from the hot gas stream, delivers the hot aggregate to that isolated zone, and mixes the aggregate with liquid asphalt in that isolated zone. By isolating the mixing zone from the hot

gas stream, the Hawkins device keeps liquid asphalt away from the hot gas stream and avoids the production of blue smoke.

THE TRIAL

This case began when Standard Havens sued Gencor for breach of a confidentiality agreement that Gencor executed in connection with Gencor's work on a burner for use in a Standard Havens' asphalt plant using the method described in the Hawkins patent. Gencor counterclaimed seeking a declaratory judgment that the Hawkins patent is invalid. Standard Havens responded with a claim that Gencor contributed to and induced infringement of the Hawkins patent.

The case was tried to a jury. At trial Gencor argued that the Hepburn patent anticipated the Hawkins patent, rendering the Hawkins patent invalid. Standard Havens countered that the Hepburn patent did not anticipate the Hawkins patent because the Hepburn patent did not disclose a mixing zone isolated from the hot gas stream. Standard Havens presented evidence both

1. that the Hawkins device differed from the Hepburn device because the Hawkins device pipes air for combustion to the burner in such a manner that it bypasses the mixing zone while in the Hepburn device a fan blows air through the mixing zone on its way to the burner

and

2. that in the Hepburn device, because the fan blows air for combustion through the mixing zone on its way to the burner, liquid asphalt from the mixing zone may be blown into the hot gas stream causing the production of blue smoke.

The jury returned a verdict for Standard Havens, finding the Hawkins patent not invalid and infringed. The jury awarded Standard Havens damages of $5,931,000.[1]

The jury instructions defined the legal defense of anticipation. The jury instructions regarding anticipation indicated the possibility that the Hepburn patent might anticipate the Hawkins patent, but did not reference any specific evidence that Standard Havens presented at trial. Gencor did not object to the instructions.

The jury answered (in the negative) an interrogatory inquiring whether Gencor had "proved by clear and convincing evidence that any claim of the Hawkins patent is invalid because the claim is anticipated by a single item of prior art." The interrogatories did not mention the Hepburn patent and did not reference any specific evidence that Standard Havens presented at trial. (A1-2)

Gencor moved for judgment notwithstanding the verdict and for a new trial. Gencor argued, *inter alia*, that the Hawkins patent was invalid because the Hepburn patent anticipated the Hawkins patent. The district court denied Gencor's post-trial motions.

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[1] The jury also awarded Standard Havens $2,284,000 on its original claim that Gencor breached a confidentiality agreement.

GENCOR'S APPEAL TO THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Gencor appealed to the Court of Appeals for the Federal Circuit. On appeal, Gencor attacked the district court's refusal to grant JNOV or a new trial, again arguing that Hawkins is invalid because Hepburn anticipated Hawkins. The Court of Appeals affirmed the district court's judgment that the Hawkins patent was not invalid and was infringed.[2] With regard to the issue of whether Hepburn anticipated Hawkins, the court of appeals formulated the issue as follows:

> The claims of [Hawkins] require that in a mixing drum a zone be isolated from the hot gas stream. (From the [Hawkins] patent specification, we construe the hot gas stream to mean the hot gases in the area around the flame; it does not include the air stream passing through the tube surrounding the burner, leading into the flame and hot gas area.) The claims further require that, in the "isolated" zone, aggregate and liquid asphalt are mixed so as to produce an asphaltic composition to be discharged from the drum. In that context, the critical question for resolving whether JNOV was properly denied is whether a reasonable juror could have found that Hepburn does not teach such isolation.

Standard Havens Products, Inc. v. Gencor Industries, Inc., 953 F.2d 1360, 1369 (Fed. Cir. 1991). Thus, the court of appeals concluded that a jury could not have found that Hepburn did not anticipate Hawkins *merely because* the Hawkins

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[2] The Federal Circuit remanded for a recalculation of damages.

device pipes air for combustion to the burner in such a manner that it bypasses the mixing zone while in the Hepburn device a fan blows air through the mixing zone on its way to the burner.

The court of appeals went on to conclude:

> From the evidence before it the jury could reasonably have found (*i.e.*, that is "substantial evidence" supporting the fact that because of the air blown by the fan in [Hepburn], some of the liquid asphalt sprayed in the mixing chamber would be blown back into the heating chamber. . . .
>
> [S]ubstantial evidence supports the presumed finding of the jury that liquid asphalt in Hepburn would be carried into the hot gas stream of the heating chamber causing blue smoke. It was quite reasonable, therefore, for the jury to conclude that the process of Hepburn does not "isolate" the mixing chamber from the hot gas stream, as called for by the [Hawkins] claims. Hence, [Hepburn] does not anticipate the claimed invention. . . .
>
> Thus, the district court did not err in denying Gencor's JNOV motion . . . Nor did it abuse its discretion in denying Gencor's new trial motion in that respect.

Standard Havens Products, Inc. v. Gencor Industries, Inc., 953 F.2d 1360, 1369-70 (Fed. Cir. 1991).

Not satisfied with the outcome of its appeal, Gencor petitioned the court of appeals for a rehearing and a rehearing in banc. In its petition, Gencor argued for the first time that it was entitled to a new trial with regard to the validity of the Hawkins patent because

1. at trial, Standard Havens' attorney and witnesses distinguished the Hawkins and Hepburn devices on the basis of the fact that the Hawkins device pipes air for combustion to the burner in such a manner that it bypasses the mixing zone while in the Hepburn device a fan blows air through the mixing zone on its way to the burner;

2. on appeal, the court of appeals ruled that a jury could not have found that Hepburn did not anticipate Hawkins merely on the basis of this distinction;

and

3. the law – as set forth in *Maryland v. Baldwin*, 112 U.S. 490 (1884); *Sunkist Growers Inc., v. Winckler & Smith Citrus Prods. Co.*, 370 U.S. 19 (1962); *Dudley v. Dittmer*, 795 F.2d 669 (8th Cir. 1986); and *E.I. du Pont de Nemours & Co. v. Berkley & Co.*, 620 F.2d 1247 (8th Cir. 1980) – requires a new trial in such circumstances.

The court of appeals rejected Gencor's Petition for Rehearing without writing an opinion. It similarly rejected Gencor's Suggestion for Rehearing in Banc.

GENCOR'S PETITION FOR A WRIT OF CERTIORARI

Now, Gencor, still seeking to postpone enforcement of the affirmed judgment finding it a willful infringer of the Hawkins patent, seeks a writ of certiorari. Gencor contends

1. that the standard that the Court of Appeals for the Federal Circuit employs to review general verdicts (or a special interrogatory

containing multiple issues) conflicts with the standard set by this Court

and

2. that this is an appropriate case for resolving the general issue of whether, when the prevailing party has presented multiple theories to the jury, a general verdict (or a special interrogatory containing multiple issues) should be sustained on appeal when the court of appeals rules that one of the theories was legally erroneous.

Gencor is wrong in both regards.

WHY THE WRIT OF CERTIORARI SHOULD NOT BE GRANTED

I. THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT USED THE PROPER STANDARD IN REVIEWING THE JURY VERDICT AND REFUSING TO ORDER A NEW TRIAL ON THE ISSUE OF THE VALIDITY OF THE HAWKINS PATENT.

This Court has held that when multiple legal theories of liability are presented to a jury, the jury returns a general verdict, and one of the theories of liability is held erroneous, the entire general verdict must be reversed. *Sunkist Growers, Inc. v. Winckler & Smith Citrus Prods. Co.*, 370 U.S. 19, 29-30 (1962).

This Court has never held that, absent erroneous instructions or evidentiary error, a general verdict must be reversed when multiple factual theories are presented to a jury in support of a legal theory of liability (or in

support of an element of a theory of liability) and one of the factual theories is held inadequate to support the theory of liability (or an element of a theory of liability).

The present case involves factual theories, not legal theories of liability. Standard Havens did not advance multiple theories of liability. Rather, Standard Havens presented the jury with multiple facts concerning the differences between the Hepburn and Hawkins devices. The court of appeals did not rule that one of Standard Havens' legal theories of recovery was erroneous. Rather, the court of appeals ruled that certain facts which Standard Havens presented to the jury were inadequate to establish that the Hepburn patent did not anticipate the Hawkins patent, while other facts were adequate for that purpose. *Gencor does not contend that the relevant jury instructions were in error or that the trial court erred in admitting the "substantial" evidence which both the trial court and the court of appeals found sufficient to support the anticipation theory.*

Gencor cites no authority of this Court, or of any other court, holding that a general verdict should be reversed in the circumstances of the present case.[3] What authority exists is to the contrary.

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[3] The cases cited by Gencor involve either (1) error in instruction regarding the law or in admitting evidence or (2) multiple legal theories of recovery (as opposed to multiple factual theories supporting a legal theory of recovery).

Maryland v. Baldwin, 112 U.S. 490 (1884), involved a claim for a share of an estate. The defendants raised various defenses, including the defense that the plaintiff was not an

(Continued on following page)

The jury is presumed to have acted correctly; thus, where there are two alternative factual

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heir and defenses relating to the condition of the estate. The trial court allowed defendants to present inadmissible hearsay evidence tending to weaken the plaintiff's claim that he was an heir. The jury returned a general verdict for defendants. This court reversed the general verdict and remanded for a new trial because of the potential impact of the erroneously admitted evidence. In the present case, unlike *Baldwin*, Gencor claims no relevant evidentiary errors.

In *Sunkist Growers, Inc. v. Winckler & Smith Citrus Prods. Co.*, 370 U.S. 19 (1962), the plaintiff advanced two legal theories of recovery – monopolization and conspiracy to monopolize. The jury returned a general verdict for the plaintiff. This Court held that the conspiracy theory was improperly submitted because the trial court erroneously instructed the jury that it could find a conspiracy involving an association that, as a matter of law, could not be a party to a conspiracy to monopolize. This Court reversed the general verdict and remanded for a new trial because of the potential impact of the erroneous instructions as to the law. In the present case, unlike *Sunkist*, Gencor does not claim that the district court's instructions regarding anticipation were in error.

Wilmington Star Mining Company v. Fulton, 205 U.S. 60 (1907), involved negligence claims arising from a mining accident. The plaintiff specified eight counts of negligence based on eight specific negligent acts. The plaintiff failed to adduce sufficient evidence to create a jury issue with regard to three of the counts. The trial court refused to strike the three unsupported counts or to instruct the jury that the plaintiff could not recover under them. The jury returned a general verdict for the plaintiff. This Court reversed and required a new trial with regard to the counts of negligence as to which there was support in the record. In the present case, unlike *Wilmington*, Gencor does not claim that the court of appeals found any

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> theories which might support the verdict, the verdict will be upheld if there is sufficient evidence to support either theory.

Baumler v. State Farm Mutual Automobile Insurance Co., 493 F.2d 130, 134 (9th Cir. 1974); *McCord v. Maguire*, 873 F.2d 1271, 1273-74 (9th Cir. 1989).

> [T]he submission of both correct and incorrect factual bases supporting a single theory of

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theory that the district court submitted to the jury was without support in the record.

The trial court submitted two theories of liability to the jury in *United New York and New Jersey Sandy Hook Pilots Association v. Halecki*, 358 U.S. 613 (1959): negligence and unseaworthiness under the federal maritime law. The jury returned a general verdict for the plaintiff, who was the administrator of the estate of a workman killed while servicing a ship. This Court ruled that the theory of unseaworthiness did not apply because the decedent's work was not of the type traditionally performed on a ship at sea. This Court then reversed the general verdict and remanded for a new trial on the negligence theory. In the present case, unlike *Halecki*, Gencor does not claim that the district court instructed the jury on two theories of recovery, one of which was inapplicable as a matter of law.

See also Dudley v. Dittmer, 795 F.2d 669 (8th Cir. 1986) (general verdict reversed because one of two theories of liability submitted to the jury not supported by substantial evidence); *E.I. du Pont de Nemours & Co. v. Berkley & Co., Inc.*, 620 F.2d 1247 (8th Cir. 1980) (verdict reversed because answer to interrogatory indicated the jury might have found patent invalid solely on ground that invention lacked utility where treatment of utility was fatally flawed and utility issue presented no jury issue and should have been decided in plaintiff's favor as a matter of law).

> recovery is not grounds for reversal of a judgment on a general verdict. The cases cited by the defendants to the contrary involve the submission of both incorrect and correct legal theories of recovery.

Sandberg v. Virginia Bankshares, Inc., 891 F.2d 1112, 1122 (4th Cir. 1989), *rev'd. on other grounds*, ___ U.S. ___, 111 S.Ct. 2749 (1991).

The Court of Appeals for the Federal Circuit did not err or depart from the standards announced by this court when it reviewed the jury verdict or declined to grant Gencor a new trial on the issue of the validity of the Hawkins patent. There was no error on the part of the Court of Appeals for the Federal Circuit justifying issuance of a writ of certiorari.

II. THIS IS NOT AN APPROPRIATE CASE FOR RESOLVING GENERAL ISSUES REGARDING WHEN, IF EVER, A GENERAL VERDICT SHOULD BE SUSTAINED ON APPEAL WHEN THE COURT OF APPEALS RULES THAT ONE OF THE THEORIES UNDERLYING THE VERDICT IS LEGALLY ERRONEOUS.

This is not an appropriate case for review. This case does not afford the court a focused opportunity to clarify when, if ever, a general verdict should be sustained after a court of appeals has ruled that one of the several theories presented to the jury is legally erroneous.

The decision of the Court of Appeals for the Federal Circuit is not in conflict with any applicable decision of this Court or with any applicable decision of any other

United States court of appeals. The decision of the Federal Circuit is in accord with decisions of the Ninth and Fourth Circuits. *See Baumler v. State Farm Mutual Automobile Insurance Co.*, 493 F.2d 130, 134 (9th Cir. 1974); *McCord v. Maguire*, 873 F.2d 1271, 1273-74 (9th Cir. 1989); *Sandberg v. Virginia Bankshares, Inc.*, 891 F.2d 1112, 1122 (4th Cir. 1989), rev. on other grounds, ___ U.S. ___, 111 S.Ct. 2749 (1991).

If there is a split of authority in the circuits as to whether, when multiple *legal* theories of liability are presented to a jury, the jury returns a general verdict, and one of the legal theories of liability is held erroneous as a matter of law, the entire general verdict must be reversed, the present case is not on either side of that split. This case involves alternative *factual theories* and arguments relating to an element of a legal theory, not alternative legal theories of liability.

The Court of Appeals for the Federal Circuit rejected Gencor's Motion for Reconsideration – the motion in which Gencor *first* made its argument that the court of appeals should reject the entire general verdict – without opinion. The absence of an opinion by the court of appeals also militates against selecting this case as a vehicle for clarifying the law since the record is not fully developed.[4]

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[4] Moreover, that the Federal Circuit apparently did not deem Gencor's arguments significant enough to justify a written response is further evidence that Gencor is creating a "federal case" where none exists.

Finally, because the decision of the Court of Appeals for the Federal Circuit is correct, using this case to clarify the law would allow Gencor to continue its calculated strategy of delay in order to escape liability for its willful infringement and work a significant injustice on Standard Havens.

CONCLUSION

For the foregoing reasons, this Court should deny the petition for a writ of certiorari.

Respectfully submitted,

STEPHEN J. HOLTMAN
DAVID A. HACKER
SIMMONS, PERRINE, ALBRIGHT & ELLWOOD
1200 Firstar Bank Building
115 Third Street S.E.
Cedar Rapids, Iowa 52401-1266
(319) 366-7641

Counsel for Respondent
Standard Havens Products, Inc.

Of Counsel:

DONALD H. ZARLEY
EDMUND J. SEASE
KIRK M. HARTUNG
ZARLEY, MCKEE, THOMTE,
VOORHEES & SEASE
801 Grand Avenue – Suite 3200
Des Moines, Iowa 50309
(515) 288-3667

APPENDIX

* * *

validity or invalidity of a United States patent does not depend upon what the alleged inventor in fact knew or did not know of the prior art. It depends upon what art was available to those engaged in the field at the time of the invention. An application for a patent is treated by the law – excuse me, an applicant for a patent is treated by the law as if he knew everything in the prior art in the field in which he was working and also knew of all the vices in that field which had been in prior public use. This does not mean that he really knew all these things, but for the purposes of the patent laws he is assumed to have and charged with having such knowledge. In the event any single prior art patent or printed publication discloses all of the identical method steps performed in a same manner as the method of any of the claims 1 through 4, then such claim is said to be anticipated by the prior art and is invalid for want of – or lack of novelty. You may find that any or all of the claims 1, 2, 3, or 4 of the Hawkins patent are anticipated by the prior art even if you find that other claims are not anticipated. If you find that a claim is anticipative, it is invalid and you need not consider the non-obvious test to be set forth in later instructions. Now, if any of the claims of the Hawkins patent can be read on the methods disclosed in the Hepburn patents, these claims are anticipated and invalid. In this case if the evidence is clear and convincing that the method or process described in the claims of the Hawkins patent is the same as the method or process described or taught by either of the Hepburn patents, the Hawkins

patent is invalid and is not infringed on by Gencor Industries. Now, as to the test for non-obviousness. Even if you find that all of the method steps set forth in claims 1 through 4 of the Hawkins patent are not found in a single piece of prior art relied upon by the defendant Gencor, if you find that any differences between one or more prior art references and the claimed invention only require that one of ordinary skill in the art exercise that skill to complete the subject matter of such claim, those claims are still invalid because they are obvious in the view of the prior art. In determining obviousness or non-obviousness of the claimed subject Letter of the patent in suit, the following steps should be taken by you. One, you should determine the scope and content of the prior art relied upon by the defendant against the patent in suit. Two, you should then identify the differences, if any, between each claim of the patent in suit and the prior art. And, three, determine the level of ordinary skill in the pertinent art at the time the invention or the patent in suit was made. Against this background you will then make your decision that the claimed subject matter would have been either obvious or unobvious to a person with ordinary skill in the pertinent art. To determine the scope and content of the prior arts you should take into account the

* * *